

REQUEST FOR PROPOSALS (RFP)

AGREEMENT NO. 1522

UNDERWRITING SERVICES

for

DELAWARE TRANSPORTATION AUTHORITY GRANT ANTICIPATION REVENUE VEHICLE (“GARVEE”) BONDS

Executive Summary

The Delaware Transportation Authority (“DTA” or the “Department”) is requesting proposals for underwriting services related to the sale of the Department’s GARVEE bonds, which are expected to be issued in the first half of 2010. DTA intends to issue up to \$125 million in GARVEE bonds the proceeds of which will be used for the US 301 Maryland State Line capital improvement project. Annual obligational authority from the Federal Highway Administration shall be used to repay debt associated with the GARVEE bonds.

DTA reserves the right to select multiple underwriters for the same or multiple transactions. Further, DTA may continue to sell its bonds on a competitive bid basis and reserves the right to issue additional RFP’s for these or other services.

This RFP will define the scope of the work to be performed, the requirements of the underwriter(s), the method for response and the administrative requirements that must be followed. DTA also reserves the right to modify and/or cancel this solicitation at any time during the RFP process.

RFP Schedule

Date/Time	Activity
January 25, 2010	Request for Proposal issued, First Public Notice posted.
February 1, 2010	Second Public Notice posted
February 1, 2010	Questions regarding RFP due
February 3, 2010	DTA answers questions regarding the RFP via Department of Transportation website
February 8, 2010	
3:00 p.m. local time	RFP Response due date and time
February 22, 2010	Anticipated selection date

An “original” (so marked), three copies of each proposal, and one electronic copy on CD must be submitted. Proposals should be mailed or hand-delivered for receipt no later than 3:00 p.m. local time on February 8, 2010 (“Closing Date”). All timely Proposals become the property of the State. Requests for extensions of the Closing Date will not be granted. Any Proposal, request for modification, or request for withdrawal received after 3:00 p.m. on the Closing date is late and may not be considered. The Proposal may be

delivered by Express Delivery (e.g., FedEx, UPS, etc.), U.S. Mail, or by hand. Proposal shall be submitted to:

Wendy B. Henry
Contract Administration
Delaware Department of Transportation
800 Bay Road, Dover, DE 19901

Each proposal must be accompanied by a transmittal letter, which briefly summarizes the proposing firm's interest in providing the required professional services. The transmittal letter must also clearly state and justify any exceptions to the requirements of the RFP, which the applicant may have taken in presenting the Proposal. The State reserves the right to deny any and all exceptions taken to the RFP requirements.

In order to comply with the State of Delaware's Freedom of Information Act, firms responding to this Request for Proposal should prepare one (1) copy of their Response with any proprietary or confidential information redacted. This copy should be clearly marked as "Redacted Copy" and submitted along with the other four copies. Firms should review Delaware's Freedom of Information Regulations, section 6, Requests for Confidentiality, on the DelDOT Website www.deldot.gov and Section 10002(g) "Public record" of the Delaware Code, <http://delcode.delaware.gov/title29/c100/index.shtml> to determine what information may be considered proprietary or confidential and may be redacted from their Proposal.

The proposers shall be responsible for any liability or cost incurred in connection with responding to this request for proposals. Proposals shall address all the questions posed by the Issuers in the order in which they appear in this request.

Contacts

Questions concerning submissions and procedures may be obtained from: Wendy B. Henry, Contract Administration, Telephone: (302) 760-2531. E-mail address: wendy.henry@state.de.us.

I. GENERAL INFORMATION

Scope and Objectives

Generally, the Delaware Transportation Authority issues revenue bonds to finance its capital needs through its Transportation Trust Fund. However, the revenue bonds described in this RFP are non-recourse GARVEEs, which will pledge of a share of future Federal highway funding as sole repayment of debt service. Under its current plan of finance, DTA intends to issue \$125 million of GARVEEs to finance the final design and right-of-way acquisition activities associated with the expansion and improvement of U.S. 301 through Delaware.

Underwriters will be expected to:

- i. Recommend structures for debt issuance and alternatives to minimize overall debt service costs and maximize debt capacity;
- ii. Assist in drafting and reviewing relevant bond documents, including, but not limited to, official statements, bond resolutions and indentures
- iii. Assist in preparations, discussions, and meetings with rating agencies, credit enhancers and investors
- iv. Manage the underwriting process
- v. Commit capital to underwrite bonds
- vi. Provide post-closing analysis of debt issuances, including but not limited to pricing, orders and allotments
- vii. Provide such additional underwriting and investment banking services as requested by the DOF and DELDOT

The selected firm will work with the DTA, and other professionals selected to undertake the negotiated sale of GARVEE Bonds. The book-running senior manager will be required to provide some or all of the services identified below at the request of DTA. Co-senior managers shall provide information and assistance upon request and shall act as members of the underwriting syndicate. The selected underwriters, senior managers, co-managers and selling group members will work closely with the DTA and their financial and legal advisors assigned to assist in these matters

Minimum Required Qualifications

1. Minimum net capital, current licensing, experience and accessibility
 - a. All firms must demonstrate a minimum net capital of \$500,000. Please provide your firm's capital position as of the date of your most recently published statement of financial position including total capital, equity capital, excess net capital and daily average uncommitted capital.
 - b. All licenses and registrations required by applicable Federal and State laws for businesses offering brokerage services must be current and in good standing with each of the following:

- i. the U.S. Securities and Exchange Commission;
 - ii. the National Association of Securities Dealers; and,
 - iii. the State of Delaware.
- c. Firms must be listed in the current edition of The Bond Buyer's Municipal Marketplace ("Red Book") as Dealers and Underwriters.

Professional Liability Insurance

Potential bidders shall agree to maintain in full force and effect professional liability insurance in an aggregate amount of not less than \$2 million. In order to satisfy this requirement, firms must:

1. Include a statement in its proposal affirmatively responding to this requirements; and
2. Include in its proposal a certificate of insurance or letter from its insurer demonstrating that the firm meets this requirement.

Sufficient Capacity

Each firm must demonstrate the capacity to perform the type of services required by the State described above.

II. TECHNICAL PROPOSAL FORM

The following information shall be provided in each proposal in the order listed below. A firm is expected to provide a response for each requirement listed in this RFP. Failure to respond to any request for information within this proposal may result in rejection of the proposal at the sole discretion of the State.

General

All technical proposals shall be prepared with a concise description of the firms capabilities to satisfy the minimum qualifications in Section I.B. above and the information requested in this section. Firms should format their proposals so that their responses correspond to the specific sections to the extent possible without unnecessary repetition.

Required Information

The proposal shall contain the information described below.

1. General Information

- a. Please provide your firm's identifying information including:

- i. the name and address of the organization with whom the contract will be entered into and any trade names associated with that entity;
- ii. the firm's Federal Employer Identification Number;
- iii. the name, telephone number and e-mail address of the representative of the firm who is authorized to discuss the firm's proposal; and
- iv. the names, titles, addresses and e-mail addresses, including telephone and fax numbers, of other individuals in the firm who might provide relevant services to the State.

2. Sales and Pricing Methodology

- a. As of close of business February 1, 2010, please indicate, by maturities of one through fifteen years, an estimate for where DTA GARVEEs would price relative to Municipal Market Data's ("MMD") AAA scales.
- b. Please describe specific marketing ideas and efforts for the sale of the GARVEEs. Include a discussion of call options and how Delaware can take advantage of its high credit quality.

3. Fees and Expenses

- a. Please provide your expectation with regard to any and all fees and expenses, including management fees, and takedown by maturity for one through fifteen years. Assume a level principal amortization structure.
- b. Other
 - i. Please discuss any other factors or alternate proposals not mentioned above which should be considered in connection with the consideration of your firm.
 - ii. Please provide details of any criminal or regulatory investigation or pertinent litigation pending against your firm or members of your municipal bond or public finance departments related to the offering and sale of retail bonds.

4. Experience and Capabilities

- a. Provide a list of at least two (2) transportation GARVEE bond issues, one of which has been issued within the last two years. The list should include par amount, issuer, method of sale, type of bond (fixed/variable), type of GARVEE (direct/ indirect), summary of credit enhancement including any pledge of additional revenues on a senior or subordinate basis, the use of bond insurance and credit ratings, and your role in the transaction. Be specific as to the structure of the bond issues and describe the added value your firm or its personnel provided in developing the plan of finance for the transaction.

- b. Describe your firm's bond sales and distribution capabilities, including both retail and institutional sales. Highlight your ability to distribute Delaware securities and your experience distributing GARVEE bonds or other instruments secured by federal or state transportation grants.

III. Evaluation Process

All proposals submitted in response to the RFP shall be reviewed by a selection committee, which may consist of staff members from the Department and others as well as representatives of the State's financial advisory firm ("Committee"). The Committee shall determine the firms that meet the minimum requirements pursuant to selection criteria of the RFP and procedures established in 29 Del. C. §§ 6981, 6982. The Committee may interview at least one of the qualified firms but may negotiate with one or more firms during the same period and may, at its discretion, terminate negotiations with any or all firms. The Committee shall develop a list of qualified underwriters, senior managers as well as qualified co-managers.

Proposal Selection Criteria

The selection of the firms will be based on an evaluation of the proposals to determine which proposals represents not only the lowest cost to the State, but can also demonstrate expertise, experience and ability to perform in the specific debt instruments described in this RFP.

The proposals should contain all the essential information on which the decision shall be made. The information required to be submitted in response to this RFP has been determined to be essential for use by the Committee in the bid evaluation and award process.

The Committee reserves the right to:

- Select more than one firm to provide the specified services.
- Select for contract or for negotiations a proposal other than that with lowest costs.
- Reject any and all proposals received in response to this RFP or to make no award or issue a new RFP.
- Waive or modify any information, irregularity, or inconsistency in proposals received.
- Request modification to proposals from any or all contractors during the review and negotiation.
- Negotiate any aspect of the proposal with any firm and negotiate with more than one firm at the same time.
- Purchase all of the services or less than all of the services sought in the proposal.

All proposals shall be evaluated using the same criteria and scoring process. The following criteria shall be used by the Committee to evaluate proposals:

<u>Evaluation Item</u>	<u>Maximum Points</u>
Experience	30
Sales and Pricing Methodology	30
Fees and Expenses	30
Other	10
Total Points	100 Points

No promotional materials or brochures to be included as part of the Proposal package.

The Department is not liable for any cost incurred by the consultant in the preparation or presentation of the Proposals.

The Department will affirmatively insure individuals and businesses will not be discriminated against on the grounds of race, creed, color, sex, or national origin in consideration for an award. Minority business enterprises will be afforded full opportunity to submit bids/proposals in response to this invitation.

Delaware Transportation Authority
State of Delaware
By: Carolann Wicks, P.E.
Secretary
Dover, DE
January 25, 2010